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GENERAL

1. British Foreign Office analyzes Soviet declaration to Turkey:

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The Soviet aide memoire to Turkey on 31 May may be the first application in Europe of the "new look" in Soviet foreign policy, according to the British Foreign Office.

It points out that the USSR may be renouncing its unobtainable claims in an attempt to obtain some kind of nonaggression pact, with a limitation imposed on Turkey with respect to bases and troops for NATO. The Foreign Office considers it less likely that the USSR hopes to obtain at this time an alteration in the status of the Dardanelles.

Early Soviet publication of the note would suggest to the Foreign Office that it was intended only as another profession of Soviet "peaceful intent."

Comment: There are indications that a more conciliatory Soviet policy will be applied also to Greece and Yugoslavia, the other two signatories of the Balkan pact, in an attempt to prevent the further development of Western bases on Orbit frontiers.

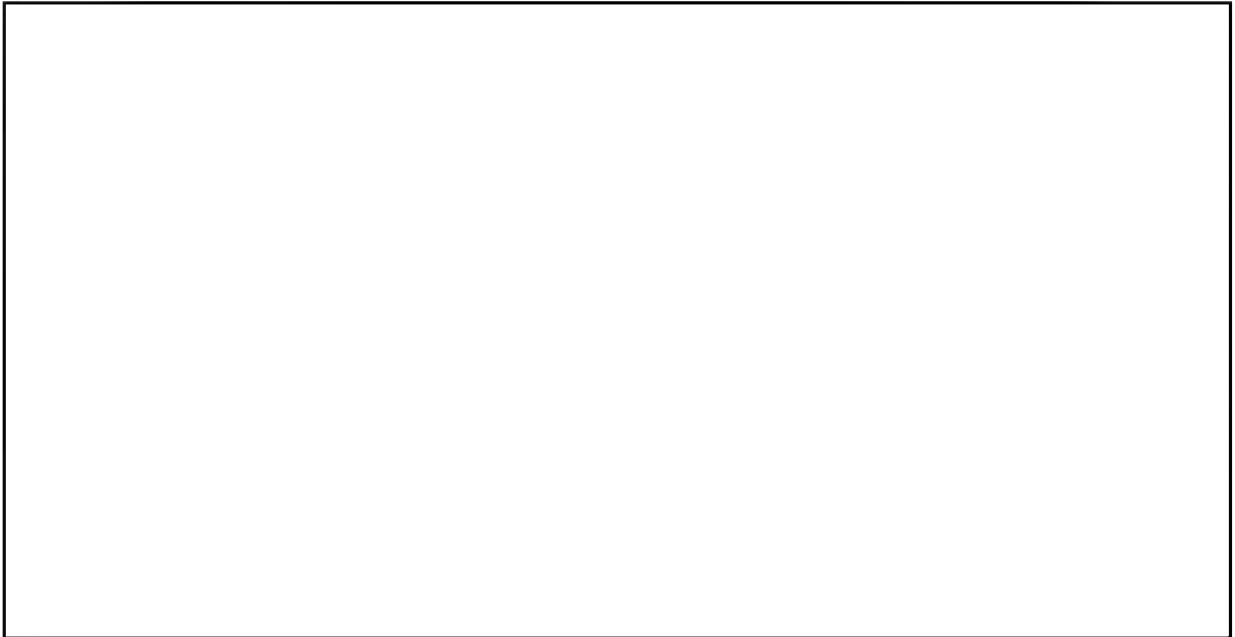
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SOUTHEAST ASIA

3. Indonesian National Party willing to form coalition government with extreme left:

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The National Party, the second largest in Indonesia, has stated that it is prepared to cooperate with either the extreme right or the extreme left in forming a new cab-

inet. Most observers believe that a coalition of the Nationalists and the conservative Masjumi, the largest party, is necessary to create a government.

The American embassy in Djakarta comments that the Nationalists have drifted into closer cooperation with the Indonesian Communist Party and other leftist parties. It adds that this trend constitutes an important victory in the Communist effort to form a Communist-dominated front for the forthcoming elections.

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Comment: In the past, President Sukarno has acted to prevent the inclusion of Communists in the Indonesian cabinet. As a result of increasing Nationalist collaboration with the Communists, however, any cabinet based on a Nationalist-Masjumi coalition would probably be subject to extreme leftist influence.

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NEAR EAST - AFRICA

5. British Foreign Office wants to delay resumption of Anglo-Egyptian talks:

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[REDACTED] British Foreign Office opinion currently favors letting Egypt worry for a while longer about British intentions in the Anglo-Egyptian crisis. Working-level officials believe that Egypt will become amenable to advice "at the proper time."

The Foreign Office seems aware, however, that the Egyptians may resort to force if this tactic is pursued too long. Accordingly, these officials feel that if the situation shows signs of getting out of control, Britain and the United States should do anything possible to help Nagib.

Comment: Working-level opinion, which was largely responsible for Foreign Secretary Eden's conciliatory Sudan policy last winter, accords in this case with Prime Minister Churchill's generally stiff attitude toward Egypt.

[REDACTED] Nagib is anxious to resume the discussions, although he has not altered his basic position. Should the domestic situation in Egypt get out of control, it may be impossible either to save Nagib or to obtain any agreement granting even minimum Western defense needs in the Suez area.

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WESTERN EUROPE

6. British minister sees East-West talks as cold-war maneuver:

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[REDACTED] Selwyn Lloyd, British minister of state for foreign affairs, told an American embassy official on 2 June that he personally thought that a four-power meeting, which Churchill will urge at Bermuda, would not explore specific issues, but would emphasize to the rest of the free world the correctness of Western policies.

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[REDACTED]

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He stated that the British understand the cold war better than Americans, and that Washington has overemphasized the importance of impressing the Kremlin and domestic opinion in the United States by an attitude of toughness.

Lloyd suggested that if there were a Korean truce by the time of the Bermuda conference, this conference might discuss a subsequent five-power meeting including Communist China.

7. Commonwealth prime ministers concur on Soviet talks and Far Eastern issues:

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[REDACTED] At the Commonwealth prime ministers' meeting on 3 June, the other seven national leaders unanimously endorsed Prime Minister Churchill's stand that efforts to arrange a four-power meeting should be made in the closest possible harmony with the United States.

With regard to Korea, the prime ministers on 4 June generally agreed that the political conference which is expected to follow a prospective armistice should be confined as far as possible to Korean issues.

The Commonwealth leaders criticized French moves in Indochina as "most inept" and generally agreed that the Commonwealth should support any Thai request for a UN peace observation commission to deter a Viet Minh invasion of Thailand.

Comment: Churchill's primary aim was evidently to ensure the support of the Commonwealth leaders for his effort to bring about East-West talks. Having obtained this support, he was apparently willing to accept positions on Korea and Southeast Asia which are not fully in accord with London's policies.

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[REDACTED]